

EVIDENTIARY HEARING
BEFORE THE
CALIFORNIA ENERGY RESOURCES CONSERVATION
AND DEVELOPMENT COMMISSION

In the Matter of:)	
)	
Application for Small Power)	Docket No.
Plant Exemption, Modesto)	01-SPPE-1
Irrigation District)	
-----)	

MODESTO IRRIGATION DISTRICT HEADQUARTERS
1231 11TH STREET
MODESTO, CALIFORNIA

MONDAY, AUGUST 13, 2001
10:05 A.M.

Reported by:
Valorie Phillips
Contract No. 170-01-001

PETERS SHORTHAND REPORTING CORPORATION (916) 362-2345

COMMITTEE MEMBERS PRESENT

Michal Moore, Presiding Member

Garrett Shean, Hearing Officer

STAFF AND REPRESENTATIVES PRESENT

Kerry Willis, Staff Counsel

Susan Lee, Consultant
Aspen Environmental Group

APPLICANT

Scott T. Steffen, Assistant General Counsel
Gregory E. Salyer, Generation Manager
Susan Strachan, Consultant, Environmental Project
Manager
Randy Erickson
Richard Smith
Roger Van Hoy
Modesto Irrigation District

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1 P R O C E E D I N G S

2 10:05 a.m.

3 PRESIDING MEMBER MOORE: Good morning.

4 For the record my name is Michal Moore; I'm a
5 Commissioner with the California Energy
6 Commission, and the Presiding Member on the
7 Modesto Irrigation District case. Which, for the
8 record, is the Modesto Irrigation District
9 Woodland Generation Station 2 application for a
10 small power plant exemption, 01-SPPE-1.

11 And today we're going to take evidence
12 supporting the initial study that has been
13 compiled on this report. But before we do that
14 let me introduce Garret Shean, my Hearing Officer,
15 who is on my left, and who will conduct the
16 balance of the meeting after we get introductions
17 from staff and from the applicant. Kerry.

18 MS. WILLIS: Thank you. I'm Kerry
19 Willis; I'm Staff Counsel. And to my right is
20 Susan Lee, who is the project manager.

21 PRESIDING MEMBER MOORE: And by the way,
22 I might just note for the record that Susan Lee is
23 representing Aspen. The first time that we've had
24 a complete project composed by a contractor for
25 the Energy Commission, which I'm pleased to say

1 has worked out very very well in this case. And I
2 think offers us some opportunities for interesting
3 work in the future. So, thank you and your
4 colleagues for your work.

5 To the applicant.

6 MR. STEFFEN: Good morning. My name is
7 Scott Steffen; I'm Assistant General Counsel for
8 Modesto Irrigation District. On my immediate
9 right is Susan Strachan, who is a consultant to
10 the District and has headed up the project
11 management role in facilitating our application
12 through the CEC process.

13 And to her right is Greg Salyer, who is
14 the Generation Manager for the Modesto Irrigation
15 District. Among his responsibilities is the
16 operation of our local generation plants,
17 including the existing Woodland plant, and the
18 proposed Woodland Generation Station 2.

19 PRESIDING MEMBER MOORE: Thank you. And
20 we have three members in the audience. Perhaps we
21 can ask them to stand and just briefly introduce
22 themselves.

23 MR. ERICKSON: My name is Randy
24 Erickson, Electrical Engineer with MID working on
25 the Woodland Energy Project.

1 MR. SMITH: My name is Richard Smith;
2 I'm a Mechanical Engineer with MID and the
3 Generation Supervisor of the existing Woodland
4 Generation Station Power Plant.

5 MR. VAN HOY: I'm Roger Van Hoy, the AGM
6 of Electric Resources for MID, kind of overseeing
7 the permitting and the other issues for the power
8 plant.

9 PRESIDING MEMBER MOORE: Thank you. Mr.
10 Shean, I'm going to turn it to you.

11 HEARING OFFICER SHEAN: Thank you,
12 Commissioner. What we basically have this
13 morning, following the prehearing conference that
14 we conducted last week, is the taking of
15 declarations on a series of uncontested areas,
16 which will be the record upon which the Committee
17 will base the proposed decision in this matter.

18 What we have from the staff, just to
19 sort of shepherd this along, is a series of
20 declarations that appear in the final initial
21 study of the preparation team. Why don't we move,
22 then, to the staff on that.

23 MS. WILLIS: And we want to mark that as
24 exhibits?

25 HEARING OFFICER SHEAN: We're not going

1 to mark it as a particular exhibit, having
2 described it for the record that's sufficient, I
3 think.

4 MS. WILLIS: Yes, we'd like to so move
5 that into evidence.

6 HEARING OFFICER SHEAN: All right, is
7 there objection from the applicant?

8 MR. STEFFEN: No, no objection.

9 HEARING OFFICER SHEAN: Okay. Why don't
10 we do the same coming back from the applicant. I
11 received the email of the declaration of Mr.
12 Salyer, and I assume that's the principal thing
13 that you wish to introduce.

14 MR. STEFFEN: Yes, it is. And that was
15 also submitted by mail, actually by Federal
16 Express, to the docket office in its original form
17 with 12 copies.

18 HEARING OFFICER SHEAN: Okay. Any
19 objection from the staff to the admission of the
20 declaration by Mr. Salyer?

21 MS. WILLIS: No.

22 HEARING OFFICER SHEAN: All right, then
23 that is admitted.

24 Why don't we go over the errata sheet
25 just so we have in mind what it is that is being

1 changed.

2 We have air quality condition C-2, which
3 relates to construction and the abatement or
4 mitigation of emissions from offroad diesel-fired
5 construction equipment. And then a water
6 condition.

7 I understand there were some minor
8 changes in C-2 from the one that was in the
9 initial study. Can you describe those at all?

10 MS. WILLIS: I can't describe the nature
11 of the changes, but I can tell you that this is
12 the current staff version of air quality condition
13 2. And the staff has preferred that this be used
14 for this case.

15 HEARING OFFICER SHEAN: Okay.

16 MR. STEFFEN: We've looked at that,
17 also, and what we have in our possession is a
18 document with a footer that says August 10, 2001,
19 Initial Study Errata. And we've looked at those
20 conditions, and as far as AQC-2 is concerned,
21 that's fine with us.

22 HEARING OFFICER SHEAN: Okay. This
23 thing has gotten longer and longer and longer.

24 (Laughter.)

25 HEARING OFFICER SHEAN: Pretty soon it's

1 going to gobble up the whole document. Okay.

2 And the other was condition water-5,
3 which we're now showing the final IS errata 8-13-
4 01 is the final version that presumably has been
5 agreed upon by the applicant and staff. Is that
6 also correct?

7 MR. STEFFEN: That's correct.

8 HEARING OFFICER SHEAN: Okay. I've read
9 this and I think it's far superior to what we had
10 worked with earlier on. I'm glad to see it, both
11 for its content as well as now it's better
12 wording. And I think it captures exactly what the
13 position of the Commission is with regard to the
14 use of potable water and the state's interest in
15 moving to the use of recycled or nonpotable water
16 when it becomes available.

17 And this is a matter agreed to by the
18 staff and the applicant, is that correct, from
19 both sides?

20 MS. WILLIS: That's correct.

21 HEARING OFFICER SHEAN: Okay. That's a
22 yes from --

23 MR. STEFFEN: Yes.

24 HEARING OFFICER SHEAN: -- from the
25 applicant and from the staff.

1 And the errata that are listed, 1
2 through 5, having reviewed that, appear to be
3 basically small corrective changes instead of
4 anything of any significant substance, is that
5 also correct?

6 MR. STEFFEN: We believe that's the
7 case, yes.

8 HEARING OFFICER SHEAN: Okay.

9 PRESIDING MEMBER MOORE: And staff
10 concur with that?

11 MS. WILLIS: That's correct, we do.

12 HEARING OFFICER SHEAN: Okay. Is there
13 something you need to tell us about this air
14 quality and stack height?

15 MS. WILLIS: I'd like to have Ms.
16 Strachan or Mr. Steffen address the issue, and
17 then we can respond from our conversations with
18 our staff.

19 MS. STRACHAN: This is Susan Strachan.
20 What we wanted to do was give you an update on
21 where we are in acquiring our authority to
22 construct permit from the Air District.

23 At this point we anticipate receiving
24 our draft permit from the Air District by August
25 30th. But the Air District, in conducting their

1 analysis, has informed us about a new unwritten
2 policy that they have that pertains to the use of
3 interpollutant offsets.

4 We're planning to use SO2 offsets for
5 PM10. And what the District says, in doing that,
6 is that these offsets can be provided only if the
7 project will not interfere with attainment or
8 maintenance of an ambient air quality standard.

9 To meet that regulation what they are
10 saying is that the project cannot exceed the PSD
11 significance levels for PM10. What those
12 significance levels are is 1 mcg/meter-cubed; what
13 our model impacts are is 1.06 mcg/meter-cubed.

14 So right now we're evaluating what to do
15 to come under that criteria by the .06. And there
16 are different operating ways that we could do
17 that. Modifications in terms of the analysis that
18 was done. But another option is increasing the
19 stack height from anywhere from five to ten feet.

20 When we submitted the application we
21 asked that two different types of heat recovery
22 steam generators be analyzed. One traditional
23 drum type with a stack height of 85 feet. And
24 then another type called a once-through steam
25 generator. And that one would have a stack height

1 of 110 feet.

2 Those are described in the SPPE
3 application in section 1.5.3 on page 1-4 of the
4 application.

5 In the CEC's draft initial study under
6 visual, the staff determined that there was no
7 significant impact attributed to the stack height
8 of either of those HRSGs, including the one with
9 the 110-foot stack height. So I think that's
10 important to know that that larger stack height
11 was analyzed.

12 But at this point our air quality
13 consultant MID is going through this issue with
14 the Air District, and we just wanted to apprise
15 the Committee that this was going on as it related
16 to the potential modification of the stack height.

17 PRESIDING MEMBER MOORE: When will that
18 unwritten rule become written and final?

19 (Laughter.)

20 MS. STRACHAN: That's a good question.
21 I actually don't have the answer to that. I don't
22 know if anyone from MID has. But, hopefully,
23 after this, so that someone doesn't have to be
24 surprised by it again.

25 PRESIDING MEMBER MOORE: When it does,

1 this project, as it's configured, will be in
2 compliance?

3 MR. STEFFEN: Yes.

4 MS. STRACHAN: Yes. And it'll be in
5 compliance even as the policy is unwritten.

6 PRESIDING MEMBER MOORE: And are we
7 expecting a letter to back this up to get into the
8 record from the District?

9 MS. STRACHAN: I think what you'll see
10 is the draft authority to construct permit where
11 this will be documented. And the resolution to
12 this issue will be documented.

13 PRESIDING MEMBER MOORE: When it is, and
14 when it does, perhaps we can ask staff to make
15 sure that the Committee gets notified through the
16 Hearing Officer that that's actually taken place.
17 Make specific note that has actually taken place.

18 MS. STRACHAN: What we can do is docket
19 the draft permit when it does come out from the
20 Air District. And, again, we anticipate that it
21 will be available by August 30th.

22 HEARING OFFICER SHEAN: Having gone
23 through this morning in this sort of quick and
24 dirty way to determine whether or not the final
25 initial study version contain any description of

1 the stack height in the project description, at
2 least in our effort we didn't find it. And I
3 understand through your effort you didn't find it.

4 Now, would it be correct, in the
5 Committee's description of the project in its
6 proposed decision, to say that the stack height
7 could be up to 110 feet? Is that --

8 MR. STEFFEN: That would certainly cover
9 the outside bounds. We expect 95 feet to be the
10 max, but 110 would certainly protect us in case
11 it's 96 feet.

12 HEARING OFFICER SHEAN: And if, as we
13 were contemplating doing, to have a decision on
14 September 5th, issuing the proposed decision no
15 later than close of business tomorrow, you would
16 anticipate that prior to the business meeting on
17 September 5th, we would have whatever is the Air
18 District's determination, is that right?

19 MS. STRACHAN: Correct.

20 HEARING OFFICER SHEAN: Okay, so that we
21 could, if need be, either sail right through on
22 the 5th. Or if some changes need to be made, we'd
23 have that notification from the District in time
24 to do that, rather than doing a post-
25 certification, or post-exemption amendment.

1 MS. STRACHAN: Correct.

2 HEARING OFFICER SHEAN: Right?

3 MR. STEFFEN: Yes.

4 HEARING OFFICER SHEAN: Okay. Well, I
5 think that protects us on both ends.

6 MR. STEFFEN: One other piece of
7 information. I think Susan Lee has talked to air
8 quality and visuals for visual staff, and they
9 have told her that they don't anticipate that the
10 change in stack height would have any impacts on
11 their environmental analysis.

12 MS. LEE: The concern that we had this
13 morning on hearing that there's a potential for
14 the stack height to be increased was not so much
15 the visual impact of the stack, itself, but the
16 potential change to the height of the plume,
17 because the plume analysis was a big point of
18 discussion during the preparation of the initial
19 study.

20 So, I did confirm with both our
21 specialists in air quality and visual resources
22 this morning that raising the stack height,
23 itself, by five to ten feet would not cause an
24 additional -- or would not cause an impact at all
25 in terms of the visual impact of the plume,

1 itself. Nor would it cause a concern to the air
2 quality specialists analysis.

3 HEARING OFFICER SHEAN: And that's
4 because the height of the plume, rather than being
5 determined by the height of the stack, is
6 determined by the existing meteorological
7 conditions --

8 MS. LEE: Well, partly --

9 HEARING OFFICER SHEAN: -- of thermal
10 lift and the mechanical velocity of the stack
11 gases, is that correct?

12 MS. LEE: That's mostly correct. The
13 height of the stack does have an effect on the
14 height of the plume because it affects where the
15 plume would start.

16 But both specialists said that an
17 additional five or ten feet of plume height -- of
18 stack height is so insignificant with respect --
19 in comparison to the height of the plume, itself,
20 that it wouldn't have any effect on the impact
21 analysis.

22 HEARING OFFICER SHEAN: Okay. All
23 right, with that, unless there's a reason to
24 continue here, we'd propose to adjourn the
25 evidentiary hearing.

1 We have staff's declarations; we have
2 the applicant's declaration. We have now a minor
3 inclusion in the project description that we need
4 to cover.

5 And we have a schedule laid out for your
6 anticipated draft from the District, and our
7 anticipated hearing before the full Commission for
8 the granting of the exemption.

9 Now, we have to go through the formality
10 here. I do not see a member of the public in the
11 audience, but is anyone here who has a comment on
12 the proceeding of the project before we adjourn
13 this morning's hearing?

14 Hearing none, then, we're adjourned.
15 Thank you.

16 (Whereupon, at 10:20 a.m., the hearing
17 was concluded.)

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CERTIFICATE OF REPORTER

I, VALORIE PHILLIPS, an Electronic Reporter, do hereby certify that I am a disinterested person herein; that I recorded the foregoing California Energy Commission Hearing; that it was thereafter transcribed into typewriting.

I further certify that I am not of counsel or attorney for any of the parties to said hearing, nor in any way interested in outcome of said hearing.

IN WITNESS WHEREOF, I have hereunto set my hand this 16th day of August, 2001.

VALORIE PHILLIPS

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